

Message Text

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PAGE 01 BUENOS 00565 272206Z

70

ACTION EB-07

INFO OCT-01 ARA-10 IO-11 ISO-00 SP-02 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06

LAB-04 SIL-01 DODE-00 PM-04 H-02 L-03 PA-02 PRS-01

/114 W

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R 272050Z JAN 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4290

INFO MTN GENEVA 368

UNCLAS BUENOS AIRES 0565

DEPT PASS DEPT. OF COMMERCE; DEPT. TREASURY

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: EXPORT PROMOTION DECREE

REF: A) BA 1318, 1976; B) BA 8490, 1975

1. IN ADDITION MEASURES OUTLINED REFTEL A, GOA ALSO IMPLEMENTED
RESOLUTION #45, EFFECTIVE JANUARY 19, TO PROMOTE EXPORTS.
HIGHLIGHTS OF THAT DECREE FOLLOW.

---ALL EXPORTS PREVIOUSLY RECEIVING NORMAL FINANCIAL RATE
(LIST ONE OF MINISTRY OF ECONOMY RESOLUTION 497 AND TRADITIONAL
EXPORTS), REPORTED ON REFTEL B, SHALL CONTINUE RECEIVE NORMAL
FINANCIAL RATE PLUS ADDITIONAL 20 PERCENT.

---ABOVE 20 PERCENT BENEFIT REDUCED BY CHANGES IN TAXES AND
SUBSIDIES REDUCED 5 PERCENT AT EACH LEVEL. EXPORT TAXES NOW
RANGE FROM 5-40 PERCENT WHILE SUBSIDIES RANGE FROM 5-35 PERCENT.

---PRODUCTS WHICH FORMERLY RECEIVED SPECIAL FINANCIAL EXCHANGE
RATE (INDUSTRIALIZED HIGH VALUE ADDED PRODUCTS
INCLUDED IN LIST TWO OF RES. 497) WILL CONTINUE TO RECEIVE

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PAGE 02 BUENOS 00565 272206Z

SPECIAL FINANCIAL RATE PLUS ADDITIONAL 15 PERCENT SUBSIDY.

---A NEW SHORT LIST IS ANNEXED TO RESOLUTION 45 OF PRODUCTS RECEIVING SPECIAL TAX AND SUBSIDY TREATMENT. AUTOMOBILES ARE INCLUDED ON THIS LIST AND WILL RECEIVE 30 PERCENT SUBSIDIES.

2. COMMENT: DECREE 45 REPRESENTS SUBSTANTIAL FURTHER DEVALUATION OF EXPORT EXCHANGE RATE. EFFECTIVE SPREAD IN EXCHANGE RATES (BASED 1-26 MINI-DEVALUATION AND INCLUDING NEW TAXES AND SUBSIDIES) NOW RUNS FROM LOW OF 47.16 PESOS PER DOLLAR FOR TRADITIONAL EXPORTS TO HIGH OF 121.03 PESOS PER DOLLAR FOR PROMOTED INDUSTRIAL EXPORTS.
HILL

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